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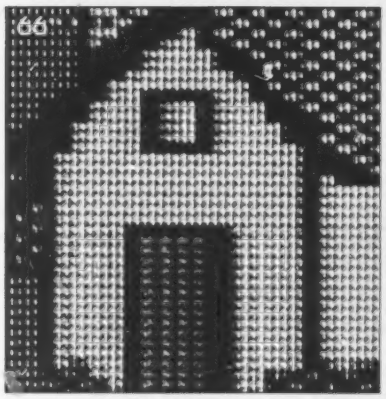

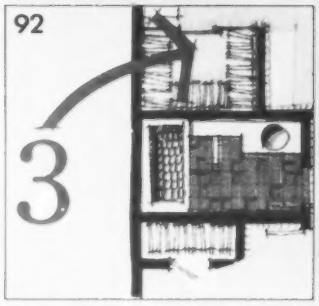

66—COMPUTERS ARE COMING, COMPUTERS ARE COMING
In the last two years computers have made enormous headway in the housing industry. Today two out of every five building firms are computerized. A status report, including a directory of vendors with software designed for builders.

86—CROSS CURRENTS
Housing design in the Midwest usually is as conservative as an Indiana farmer. But that leaves a niche for small, high-priced contemporary projects.

92—DESIGN WORKSHOP: KITCHENS AND BATHS
The "dos" and "don'ts" of designing kitchens and baths, the two most important rooms in the house. Prepared with BUILDER's contributing design editor, William Devereaux, AIA, Berkus Group Architects.

100—PROJECT OF THE MONTH
For six years McGee, Collins & Associates has specialized in building Victorian-style projects on choice sites in Vero Beach, Fla. The strategy has always worked, and Sawyer Park, a high-priced 12-unit project, is the company's latest success story.

(Cover: Sawyer Park, Vero Beach, Fla. Photo: Tom Knibbs)

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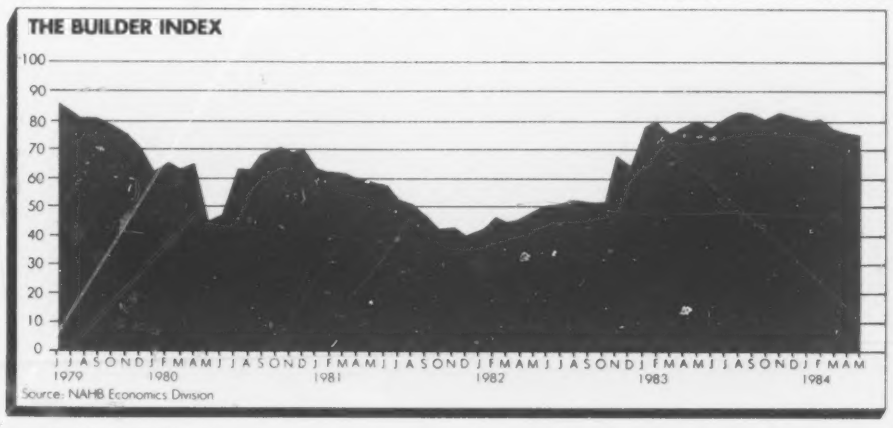
OUTLOOK

A HOUSING INDUSTRY ANALYSIS
PREPARED BY THE
NAHB ECONOMICS DIVISION



For the third month in a row the BUILDER Index declined. The slight decline—from 77.12 to 77—reflects concern about interest rates.

The BUILDER Index measures near-term (3 to 6-month) housing activity. It is a composite of seven housing industry indicators: building permits, Government National Mortgage Association yields, the Producer Price Index (construction materials), framing lumber and plywood composite prices, builders' sales expectations, home buyer traffic and the confidence index of home buying. The BUILDER Index is updated monthly.

Trouble Ahead

Michael Sumichrast
NAHB Chief Economist, Washington, D.C.

The economy is amazingly strong, and it has so much momentum it's unlikely a decline will occur any time soon.

Nonetheless there are signs of trouble ahead. Growth is continuing even though credit markets are straining to accommodate demand from government, business and mortgages. So far, the increases in interest rates have had little impact, but eventually they will choke off recovery.

When this will happen is not clear. However, for housing, the decline could start this summer, and the economy as a whole should be affected sometime next year.

There is agreement that the fast economic growth during the first quarter of the year, when the GNP increased by 8.3 percent, will slow to a more sustainable and still strong 5 percent during the second quarter. In April, factory output grew at a vigorous pace of 1.4 percent, which indicates the downturn is not imminent. Purchasing reports indicate a good increase in new orders as well as in production. They also indicate a strong upward trend in prices, which is more or less typical at this point in a business cycle.

Car sales are another good sign. In early May they were 25.5 percent ahead of last year. Some models are even in short supply.

Housing also showed remarkable strength in April. Starts were up almost 20 percent over the March figure, and building permit figures almost guarantee at least another two months of high starts levels.

Stimulative fiscal policies are what's helping the economy now. For example, defense spending has increased by 13 percent in FY 1984 and is expected to increase another 15 percent in FY 1985.

Consumers are helping too. Their disposable income increased 5 percent in real dollars on a per capita basis. At the same time corporate profits, with inventory valuation, increased 66 percent to $268.1 billion; that's $106.2 billion more than a year ago. Corporations are liquid and as a result were able to finance a record 75 percent of all their acquisitions last year from their own retained earnings.

Wages are not accelerating beyond a reasonable level, rising now at an annual rate of 3.6 percent. And there doesn't seem to be a major push to put wage increases in the high double-digit scenario that we witnessed during the past recovery.

The primary question now is whether or not we can hold the line on inflation. The answer is yes, if we avoid overheated economic growth in the second half of the year. And rapid growth seems quite unlikely now as higher interest rates begin to take their toll. Higher rates will affect first home sales, then housing starts and finally the rest of the economy.

The major problem is the extent of government borrowing and the impact that borrowing has on interest rates. This problem is compounded by a fear that the Federal Reserve Board might tighten credit further in response to a possible increase in inflation. The problem will be compounded if corporations enter the credit markets.

The corporate share of borrowing was only 6 percent last year—one of the lowest levels ever. But this has changed. As the chart shows, total borrowing jumped rapidly this year. Total commercial and industrial credit increased to $236.5 billion by May 2, up from $221.7 billion on December 28, 1983. When you add in non-bank paper, the total at the beginning of May was $397.8 billion and increasing at an annual rate of 29 percent for the year.

Last year combined federal, state and local government borrowing took 49 percent of total funds raised in capital

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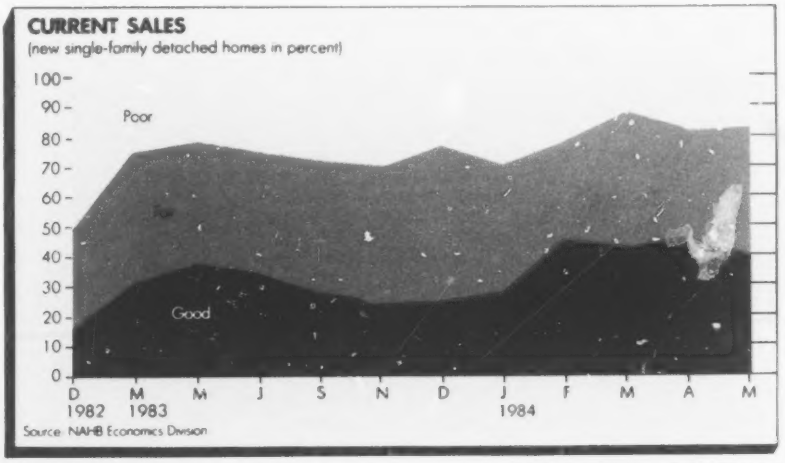
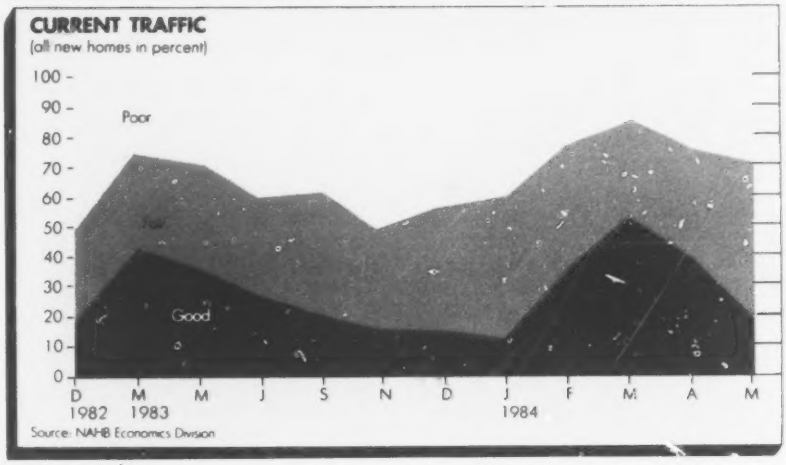
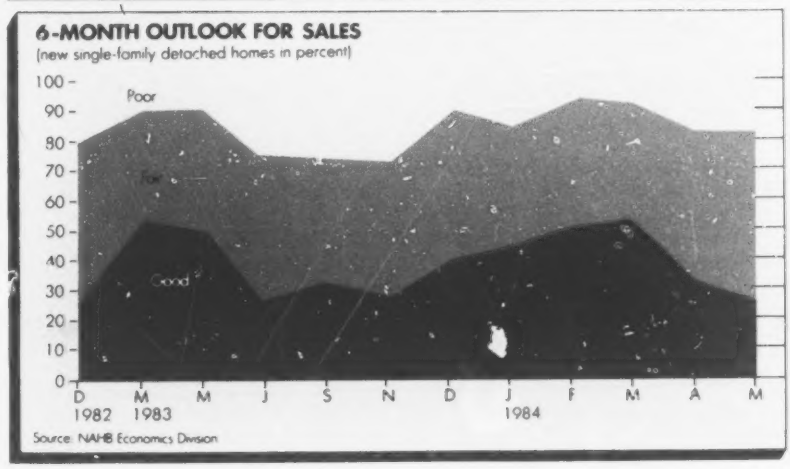
OUTLOOK/BUILDER POLL







SLOW TRAFFIC

Higher interest rates are beginning to take their toll. According to the May BUILDER poll, traffic is thinning, new home sales are slowing and builders are considerably less bullish about the six-month outlook for sales.

When surveyed in March, slightly more than half the builders said traffic was good. By May only 20 percent were reporting good traffic (middle chart).

Current sales didn't exactly reflect the big decline in traffic, but sales activity did deteriorate slightly between March and May (top chart). What changed dramatically, however, was the six-month outlook (bottom chart). In March 53 percent of the builders surveyed expected new home sales to be good during the next six months; that percentage was cut in half by May.

Most builders blamed interest rates for slower sales and their lower expectations. For example, an Oklahoma builder said, "It's all over until we see lower interest rates." Echoing that, a builder in Idaho said, "Interest rates must come back down—14 percent levels are not acceptable."

Overbuilding was another common concern, with builders in many markets worried that the new home market was saturated, particularly at the upper end. Housing priced less than $70,000 was selling best.

The information on this page is based on a survey of approximately 800 builders. The survey, conducted each month for BUILDER by the NAHB Economics Division, asks builders to rate present new home sales, current traffic and the six-month sales outlook as either good, fair or poor.

OUTLOOK/NOTES

BABY BOOM RESOUNDS
The echo baby boom appears to be in full swing. The nation's population under age five in 1983 was the largest in 15 years, the Census Bureau recently reported. That age group grew 9% between April 1980 and July 1983 to nearly 18 million. Births have increasd every year since 1975, although the fertility rate has remained stable. The fastest growth between 1980 and 1983 was among 35 to 44-year-olds; the group increased nearly 15% and will continue to grow the fastest for some time. Also growing significantly was the population of 25 to 34-year-olds (8%), 75 to 84-year-olds (10%) and those 85 years and over (12%). The sharpest decline was among 14 to 17-year-olds (–10%).

CONDO DOWNS AND UPS
The condo/co-op. conversion market should pick up in 1985 following an expected decline this year, according to a recent survey by Advance Mortgage Corporation. Last year was the third biggest year for conversions (85,000 to 90,000), topped only by the estimated 130,000 to 135,000 conversions in 1979 and 1980. But this year should be the lowest since 1977, with only 70,000 to 75,000 conversions expected.

The conversion market will increase next year, Advance says, because the 20% to 25% price advantage that conversions need to compete with new condos should be attainable then. However, conversion activity will shift from New York City, Washington, D.C., and Dallas-Fort Worth to other markets, notably California.

LAND VALUES RISE AGAIN
Land values should climb steadily for the rest of the decade after falling 9% in 1982-83, according to a recent study by Kenneth Leventhal & Company. But increases won't match the 14% annual rises seen in the 1970s. Land values in rural areas should outpace those in urban areas because the population increase has been greater there—15% during the 1970s compared with a 10% rise in urban population.

CONSUMERS CONFIDENT
Consumer confidence in the U.S. is at an 18-year high, according to the University of Michigan's most recent quarterly survey of consumer attitudes. Measuring attitudes in the first quarter of this year, the survey found that 64% of respondents expected their family incomes to increase in the coming year, compared with 53% a year earlier. Only 9% expected an income decline versus 18% last year.

INVENTORY INCREASES
The inventory of unsold new single-family houses increased to a 6.2-month supply in April, up from a six-month supply in March. It was the highest level since September 1983. Regionally, the sales picture in April was mixed. Sales plunged 46% in the Northeast after rising nearly that much the month before. Sales also were down in the West, but only by 2%. However, sales were up 15% in the North Central and 4% in the South. Through the first four months of this year, compared with the same period last year, sales increased 11% to 229,000.

RESALES REACH 4-YEAR HIGH
Resales of single-family homes rose 1.7% in April to an annual rate of 3.07 million units, the highest level since October 1980, reported the National Association of Realtors (NAR). The April resale rate was more than 14% higher than a year earlier. However, Jack Carlson, NAR's executive officer and chief economist, doesn't expect resale activity to increase significantly during the rest of the year due to recent increases in mortgage rates. Carlson added that rate hikes have slowed resale price increases: The median price of an existing single-family home in April rose only $400 to $72,600.

CONTINUED FROM PAGE 13

markets, a decline from the 58 percent in 1982. The mortgage market took 27 percent in 1983, compared with 17 percent in 1982.

Government and mortgages, therefore, took 76 percent of available credit last year, the second highest share since the end of World War II. (In 1975 the combined share was 80 percent.) Thus, all other borrowers—consumers, corporate and foreign borrowers, open market paper, etc.—had to vie for just 25 percent of available credit.

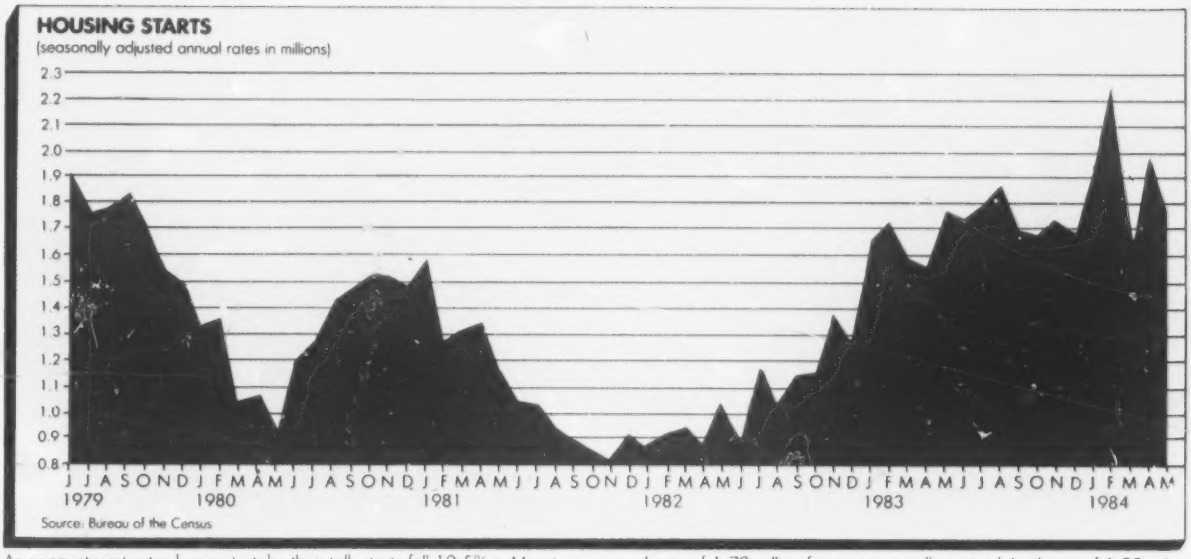
The residential mortgage market will need more money this year than last, when it consumed $120.5 billion. There will be about 100,000 more housing starts this year; the resale market will be about 16 percent higher on a year-to-year comparison; prices of new homes will be up (they're already 9 percent higher); and prices of existing homes are now up more than 5 percent. As a result of all of that, the residential mortgage market will be at least 15 to 20 percent bigger than last year—or, between $20 and $30 billion larger.

Corporate borrowing already is way up. Consumer credit jumped sharply in the last quarter of 1983 to $86.8 billion, and continued to increase in the first quarter of 1984. Last year the federal government took $254.7 billion out of the total credit markets, a new record which probably will be broken this year.

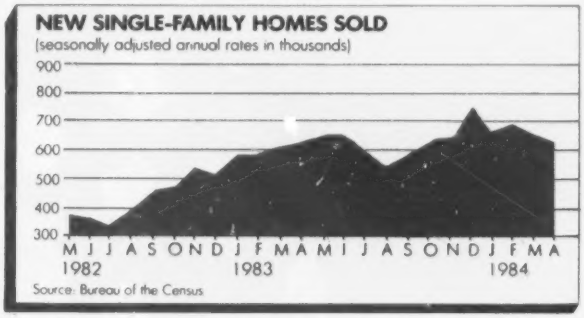
All of this will affect the credit markets. In this climate of uncertainty, with the government tapping the capital markets (and not much happening in Washington), it's not hard to see that there will be further increases in interest rates.

Our forecast shows rates on 30-year, 80 percent fixed-rate mortgages reaching nearly 15 percent this year and climbing to almost 16 percent by the end of 1985. If this happens, housing will slow down in the second half of 1984 and drop off sharply in 1985.

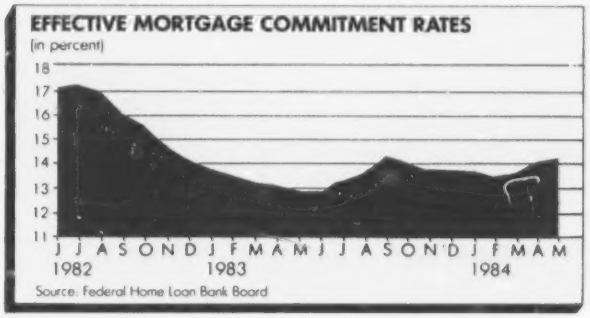
OUTLOOK/STATISTICS



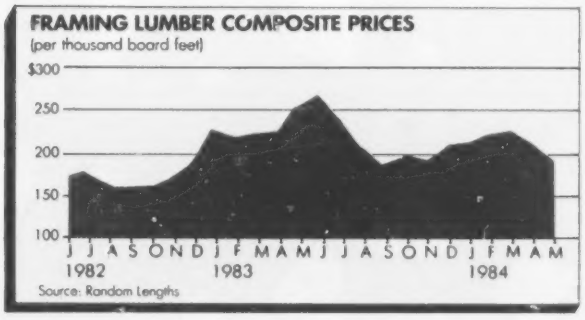
As rising interest rates began to take their toll, starts fell 10.5% in May to an annual rate of 1.78 million from an upwardly revised April rate of 1.99 million. Single-family starts declined 8% while multifamily starts dropped nearly 14%. May starts were slightly higher than a year earlier.



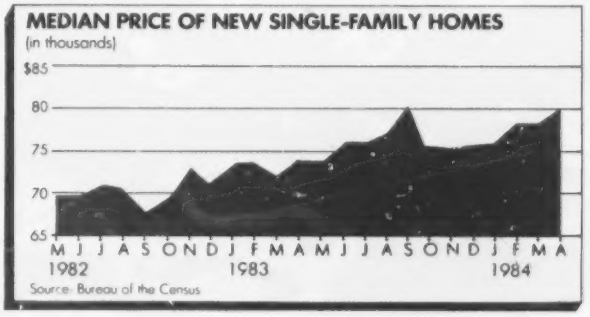
Sales declined 5% in April to an annual rate of 634,000. It was the second consecutive monthly decrease, but the April rate was the same as that of a year earlier.



Mortgage rates continued to climb in May. Commitment rates on long-term, fixed-rate mortgages rose 22 basis points to 14.34%; uncapped adjustable rates advanced one basis point to 12.44%.



Lumber prices tumbled 11% in May to $193 per thousand board feet. It was the second drop in as many months. The May price was down 24% from a year earlier.



The median price of new homes increased by $1,500, or 2%, in April to $80,300. The April price was 7.5% higher than a year earlier.

maximum of $900 (plus out-of-pocket costs). For transfers that don't require credit approval, the maximum fee is $100. If the lender's costs don't warrant these fees, however, the charge should be less.

While the new policy applies only to loans in which Fannie Mae holds a 100 percent interest and carries no legal obligation, Mahn believes it will set a new standard in the industry.

"It will be observed by other investors," Mahn said. "When you have policy set by the two largest secondary market entities, it will stand for the entire secondary market. We have a lot of clout."

Lew Sichelman, a syndicated housing columnist

SURVEY

RECESSION HURT MID-SIZE BUILDERS THE MOST

The 1981-82 recession killed off a significant number of home building firms and forged a more concentrated industry, allowing large builders to increase in numbers and market share at the expense of medium-size builders.

Nevertheless, the industry remains diffuse and highly localized with little danger that a few very large builders will be able to monopolize the market.

Those are some conclusions of recent studies conducted separately by the Census Bureau and the NAHB Economics Division. Findings confirm a substantial drop in the number of home building firms during the recession as well as significant changes in the structure of the industry.

The number of firms fell 28 percent from 129,245 in 1977 to 93,676 in 1982, according to the Census of Construction Industries study which is conducted every five years by the Census Bureau. At the same time, housing starts plunged 46 percent.

(It is not known how many of the firms that stopped operating by 1982—the depth of the recession—have made a comeback. However, there are indications that a number of them have. For one thing, the number of NAHB's builder members is nearly back to the 1978 level.)

BUILDERS' MARKET SHARE

	1978		1982	
Number of units	Percentage of builders	Percentage share of units	Percentage of builders	Percentage share of units
Small builders				
Less than 11	47%	4%	54%	5%
11 to 25	26	10	19	7
Subtotal	73	14	73	12
Medium builders				
26 to 50	13	10	11	8
51 to 100	7	11	7	11
Subtotal	20	21	18	19
Large builders				
101 to 500	6	43	8	49
More than 500	1	22	2	19
Subtotal	7	65	10	68

Source: NAHB Economics Division

The Census study also documented the decline in the number of building firms by region and by state. Not surprisingly, builders in the North Central were hit hardest. The number there plummeted 38 percent, followed by drops of 29 percent in the Northeast and 23 percent in the South and West.

The state losing the largest number of building firms was Pennsylvania, where 2,404 companies, or 36 percent, disappeared between 1977 and 1982. Illinois was the second biggest loser with a decline of 2,067 firms, or 41 percent, followed by California where 2,041, or 16 percent, stopped operating.

In addition to the Census data on changes in the number of building firms, NAHB's Economics Division recently provided data on changes in the industry's structure based on the association's surveys of builder members conducted over the years. Findings indicate that the recession affected the size of building companies and the type of construction they do.

The percentage of large builders increased while the proportion of medium-size builders declined and the percentage of small builders stayed about the same. During the same period, many building companies diversified by getting into custom home building, remodeling, commercial-industrial construction and land development.

The percentage of large builders, those who build more than 100 units a year, increased from 7.4 percent in 1978 to 9.7 percent in 1982 while the proportion of medium-size builders, those with an annual volume of 26 to 100 units, declined from 19.7 percent to 17.6 percent. The proportion of small builders (up to 25 units a year) remained nearly unchanged at about 73 percent.

Large builders also increased their market share. They built 68 percent of all new housing units in 1982 compared with 65 percent in 1978. During the same period, the market share of medium-size builders dropped from 21 percent to 19 percent. Small builders' share fell from 14 percent in 1978 to 12 percent in 1982.

Clearly, medium-size builders suffered the most during the recession. They lacked the financing resources and economies of scale enjoyed by large builders and the flexibility and low overhead costs of small builders.

"The middle guy is in a bind but

NUMBER OF BUILDING FIRMS

Region	1972	1977	1982	Percent change 1972-77	Percent change 1977-82
Northeast	21,746	24,717	17,665	+14%	−29%
North Central	23,273	31,992	19,911	+37	−38
South	35,449	44,100	33,890	+20	−23
West	17,296	29,108	22,375	+68	−23
Total U.S.	97,858	129,245	93,676	+32	−27

Source: Census of Construction Industries

not in danger of disappearing," said William Apgar, a housing expert with the MIT-Harvard Joint Center for Urban Studies. "If he can solve his financing problem, he will continue to exist."

Apgar noted that the growth of multi-builder bonds is helping medium-size builders compete for financing and that the spread of building franchise operations can provide medium and small builders with economies of scale such as in the purchase of building materials.

"There are a lot of places, like rural and smaller cities, where large builders can't get the volume they need. And there is a strong, long-term demand for trade-up housing," said Apgar, adding that both conditions favor smaller builders.

He isn't worried that the industry is becoming too concentrated. "Obviously some concentration has occurred. But the top 100 firms build only about 15 percent of the units—that's not heavy concentration," Apgar said. "Compared with any other durable good, housing is incredibly fragmented."

In addition to changes in size and market share, building firms have diversified their construction activities in recent years as a defense against a sinking housing market.

According to NAHB surveys, a smaller proportion is building single-family production housing and a larger percentage is involved in custom building, condo construction, remodeling-rehabilitation, commercial-industrial construction and land development.

Following is a comparison of building activities listed by builders surveyed by NAHB between 1978 and 1983 as important in their businesses.

- Single-family production homes—declined from 69 percent (of builders) in 1978 to 57 percent in 1983.
- Custom building—increased from 49 percent in 1978 to 56 percent in 1982 before declining to 53 percent in 1983.
- Condo construction—increased from 9 percent in 1978 to 23 percent in 1983.
- Remodeling-rehab—increased from 16 percent in 1978 to 40 percent in 1983.
- Commercial-industrial—increased from 17 percent in 1978 to 44 percent in 1982 before declining slightly in 1983.
- Land development—increased from 33 percent in 1978 to 42 percent in 1982 before declining to 38 percent in 1983.

Carol Anderson, News Editor

FINANCE

DON'T LEAVE HOME WITHOUT THE HOUSE CARD

Salespeople who spend hours with would-be home buyers only to find out they can't afford to buy should welcome a newcomer to the housing business—the mortgage credit card.

Brokers Mortgage Services (BMS) of West Collingswood, N.J., now issues credit cards to potential buyers even before they start searching for a house. The cards are stamped with the maximum mortgage amount the lenders think their holders can afford.

When a salesperson sees the BMS House Card, explained company president Alan Markowitz, he "knows he is dealing with a serious buyer and does not waste time trying to sell him a house that is out of his price range. The card also eliminates the problem of taking a house off the market while the builder or broker waits for mortgage approval."

To get a House Card, which costs $10, buyers must supply BMS with basic information on employment, salary, assets and liabilities. Applicants who pass muster are issued loan qualification schedules for several types of mortgages—30-year, fixed-rate loans, 15-year mortgages and short-term adjustable loans—at current interest rates. They also get a 30-page guide to mortgage finance and the credit card.

Once a card holder finds a house it must be appraised and the buyer's financial condition reviewed more thoroughly. But "the card is a conditional commitment," said BMS vice president James L. Smith, who is in charge of the program. "If the buyer gave us accurate information initially and the appraisal stands up, there's usually no problem."

Card holders don't have to take a loan through BMS, but they get their $10 back if they do. (All loans are issued at rates that are current at the time of the sale.)

Since the program started about six months ago, BMS, which has 13 offices in New Jersey, Pennsylvania, Delaware, Massachusetts, Maryland, Virginia and Texas, has taken about 3,000 applications for the House Card, according to Smith, most from young people and empty-nesters. About 2,400 cards have been issued. The average card holder qualifies for a $50,000 to $80,000 mortgage but several have qualified for the maximum loan under the program—$300,000.

Builders and brokers have greeted the mortgage card enthusiastically. One builder, the Scarborough Corporation in Winslow Township, N.J., drew a lot of traffic by offering a free appliance to any card holder who bought one of its houses by April 30.

BMS attributes about 100 mortgages directly to the card, but 75 percent of its card holders said in a recent telephone survey that they still are

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COMPUTERS ARE COMING COMPUTERS ARE COMING

Computers have become as important to builders as hammers and nails and 2 × 4s. No longer used only by big builders, computers are making the difference between black ink and red for builders of every size.

DEBORAH V. WOODCOCK, NEW PRODUCTS EDITOR

Five or six years from now, the computer will be as important as the office typewriter to the building business. So thinks Michael Eckert, director of NAHB's business marketing department, as well as many consultants, vendors and builders. Home building is in the midst of computerization.

Five years ago fewer than 10 percent of NAHB's members had some kind of computer capability, Eckert estimated. And most of those who did were large builders who used powerful mainframe systems, minicomputers or outside service bureaus to process their information. Most small builders just didn't have enough data to make data processing worth their economic while.

Then small, relatively inexpensive microcomputers came on the scene and smaller builders began to take the idea of computerizing seriously. During the 1978 to 1983 recession, builders began to realize that the computer was more than a tool to process large quantities of information; it was a way for them to streamline their operations and help them through a tough time.

It could act as a management tool to better control their costs, allow them to anticipate changes rather than react to them and perform calculations too time-consuming to do manually. The catch was, of course, that to save money in the long run the builder had to have the capital to invest in the computer in the short run. And most small or medium-size builders just didn't have that capital. Those who could invest in a computer were fortunate: The slow building market gave them a prime opportunity to concentrate on planning and implementing their systems properly.

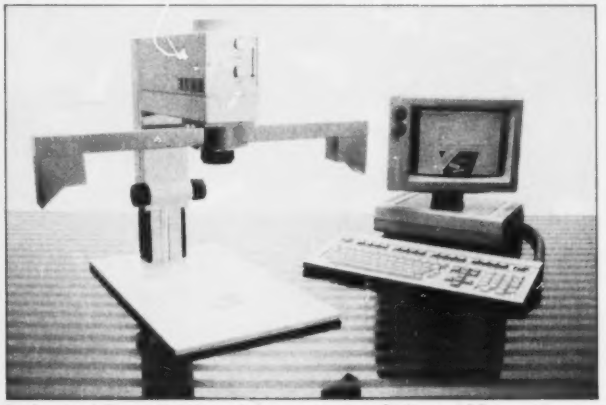
Although most builders couldn't buy, they sure did look; "1982 and 1983 were educating years for builders," believes Joyce Znamierowski, marketing applications manager for Digital Equipment Corporation, a computer manufacturer in Merrimack, N.H. That education has translated into a surge in computer buying this year. "By the NAHB show in January," she added, "most of the builders we saw were looking to buy within six months. The majority of them weren't asking the basics, either. It wasn't, 'What does this thing do?' It was 'Let's see what you have.' "

A survey conducted for BUILDER (see sidebar page 72) this spring by Inter-Media Marketing, a West Chester, Pa., research and marketing firm, supports Digital's assessment of the computer market. Of builders surveyed who started 100 or fewer units last year, one-third now have data processing capabilities and an additional 42 percent plan to acquire a computer.

Computer graphic: Steve Phillips

Business hardware, MAI, Basic Four Information Systems Division. Circle no. 101.

Apple IIe, Apple Computer Inc. Circle no. 102.



Professional Computer, Wang Laboratories, Inc. Circle no. 103.

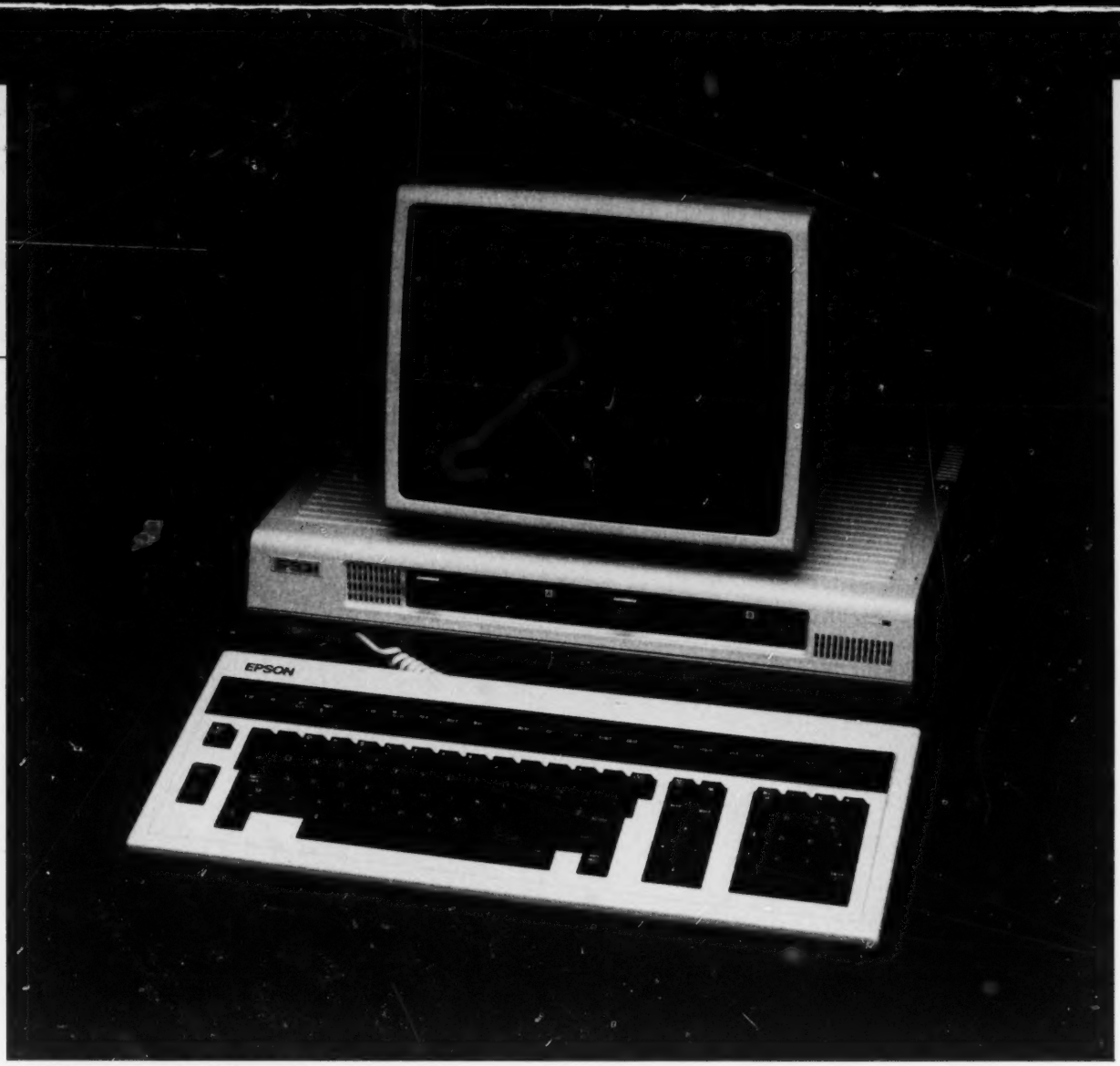
System cost always has been a big concern of builders. According to Eckert, the combined cost of computer hardware (the actual machine) and software (the instructions that tell the machine what to do) has remained relatively steady over the past few years even though the cost distribution has changed. A modest but comprehensive microcomputer system should run in the $10,000 to $12,000 range for hardware and software, he said; larger, minicomputer systems go for between $40,000 and $50,000. Hardware used to account for about 80 percent of a system's cost; now that figure is down to 60 percent and software costs have risen to make up the difference.

But the higher prices of software also reflect some good news. Builders initially had the choice of inexpensive, general-purpose turnkey packages, contractors' packages or costly, custom-designed packages. None of these was appropriate for the small or medium-size builder, who had specific needs but a limited budget. Smaller builders who made do with the less expensive packages were more often than not disappointed.

In the last few years, however, software manufacturers have come out with packages that fall somewhere between all-purpose and tailor-made in capability and price. These packages for home builders take into account, for example, that a builder controls his cash flow differently than a store owner does. The result is software that meets builder needs without the custom software price tag.

More appropriate software, more powerful and less expensive microcomputers (the type of system most often chosen by small builders, according to Eckert), and the need to have information fast have pushed more builders into the computer marketplace than ever before.

What are they buying? Simply put, a computer is a management tool that stores, generates and organizes information for easy access. It generally consists of storage (including built-in memory, and hard and floppy disks), some way to put information in (a keyboard) and get information



QX-10, Epson America, Inc. Circle no. 104.

out (a terminal) and the brains that tell the system how to do what it's supposed to do (the central processing unit, or CPU). Software tells the system what to do by giving it instructions to follow in a specific order.

There is no one best way to select a computer. But vendors, consultants and builders seem to agree on a few common-sense rules. They also agree that time spent up-front organizing to computerize "will pay off 10 to 1," as Znamierowski put it.

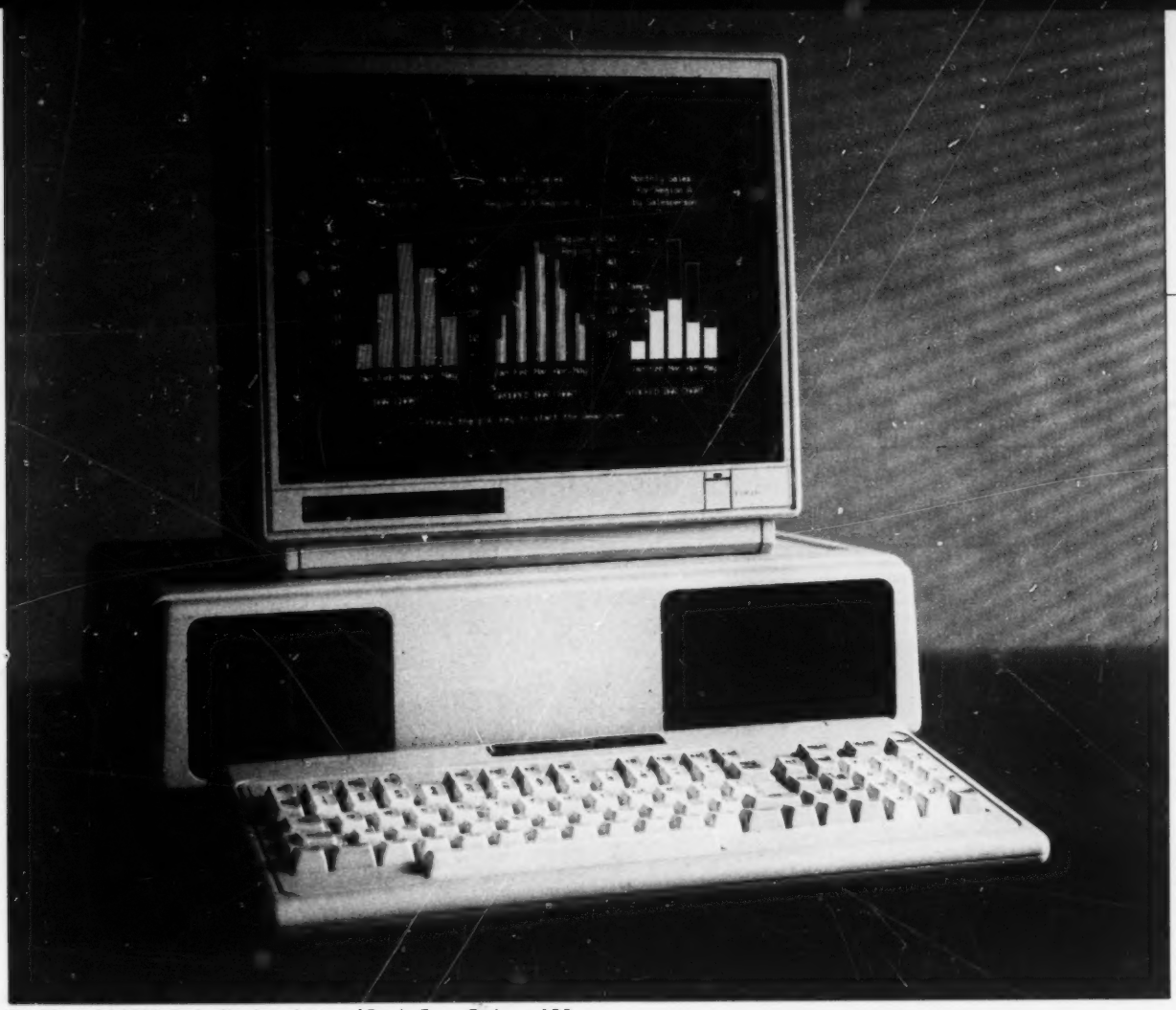
Start by organizing the company's manual system. "The computer won't organize things for you. And if you put junk in, you'll get junk out," said John Ernst, construction industry analyst for IBM Corporation in Atlanta. Itemize paperwork, employees, jobs and accounts and determine how records are tracked through the office. Then prioritize problems so the list of needs can be chopped from the bottom up when shopping for a computer. "You just won't find everything you want in a system," explained Eckert. "The trick is to find one that's as close as possible to your management style and then work with it."

Education is the next step, "but don't feel you have to have the background of a programmer to computerize," said Znamierowski. Builders can learn basic terminology from NAHB business management seminars; local retailers also may provide help without pressure to buy, said Ernst. Most important, talk to other builders who are shopping for a computer or already have one to learn about the systems available. (A list of builders who use computers is available from the NAHB business management department. The department also can provide a list of vendors who make software for home builders. A computer manual that provides background and practical operating advice will be available in September.)

There's no simple formula for figuring out what a system should cost, said Eckert. Ernst agreed; he believes a builder should spend just as he would for any other tool—by considering the return on the investment. And the savings are clear, he said, if applications are examined individually.

Take an equipment management program, for example. It can save by scheduling equipment efficiently, figuring rent or buy benefits and tracking maintenance schedules and costs to keep equipment on the site instead of in the shop.

Buy software first. "Our biggest problem," said Eckert, is that builders who start with the hardware "get the machine out of the box and suddenly discover there's no software to run on it." In fact, once the software choice is



TRS-80 Model 2000, Radio Shack, a division of Tandy Corp. Circle no. 105.

made, he emphasized, the type of hardware and its storage capacity are virtually decided.

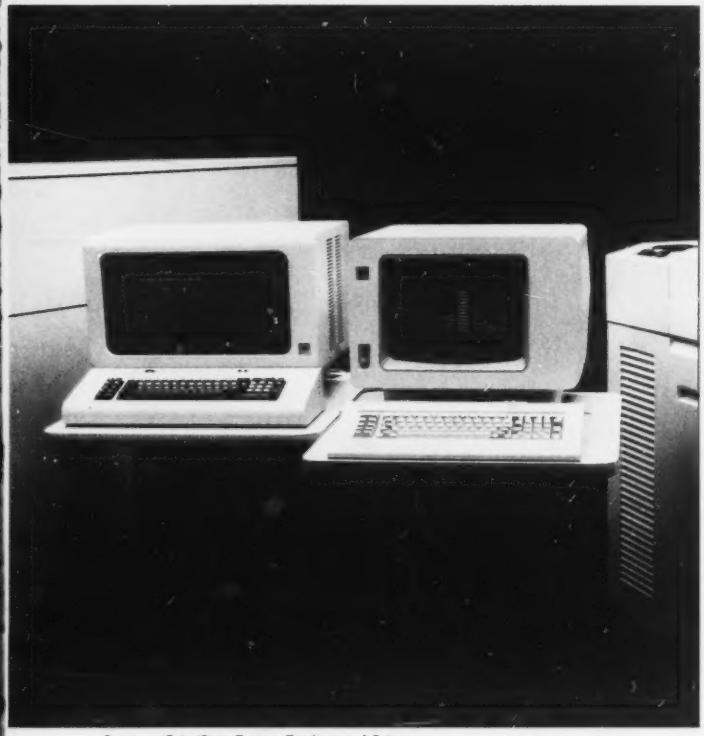
In addition to being geared to home builders, software in a management system should be integrated, that is, data entered just once should be carried through the entire system. Integration, in addition to keeping the data for every program as current as possible, reduces entry time and the chances for entry error. Planning for growth is important, too: 67 percent of the surveyed builders who start 100 or fewer units said they plan to expand their software systems. Three to five years ahead is a good time frame to work with, say most experts. Beyond that the company's plans—as well as its computer equipment—could be out of date.

Check out support and service carefully. How large is the computer company's support staff? Does the initial price include training, a hotline, corrections to the system, enhancements or on-site visits by a manufacturer's representative? Do service charges change after a month or a year? And look into the company. Ask how long it's been around and whether builder references are available.

A last word on choosing a system: "If the vendor can't talk to you in your own language, walk away," said John Stout of the builder business management consulting firm, J. Stout & Associates, Rockville, Md. J.D. Brooks, an Atlanta builder, agreed. "It means he doesn't understand your business—he's retreating into what he knows—and that can't be any good for you."

Can a consultant help a builder through the computerization maze? Yes, but smaller builders generally don't use a consultant until it's time to upgrade the system or a problem arises, said Eckert. Larger builders, however, who have more complex organizations, often use consultants in their initial search. Finding a good consultant is much like finding good software, he added—it's often best done by reference and word of mouth.

Making sure a consultant understands how a company operates is most important, said Gary Cavender, controller and data processing manager for Talley Corporation in Denver. Talley, which plans to build more than 700 units this year, used a consultant to bring its computer on line last December. Basic accounting and spreadsheet functions have returned cost and time savings. And the computer has boosted Talley's image with buyers. In the sales office it qualifies buyers and demonstrates tax benefits and financing plans. Buyers are impressed with the printout they receive and have spread the word about the company, said Cavender.



System/34, IBM Corp. Circle no. 106.

Mac McKinney of McKinney Homes in Houston isn't using his year-old computer for marketing yet; it's devoted almost exclusively to finance. But McKinney, who builds about 350 houses a year, finds the computer improves his image, too—with lenders. "Any time you can show your banker that the controls are logical and have the most up-to-date figures possible, it can only work in your favor," he asserted.

John Wolfe, president of John Wolfe Homes, bought one of the first systems designed for builders five years ago. "There were just a handful of builders at the time to confer with," he recalled. The bottom line for Wolfe, who builds about 50 homes a year in Atlanta, is that he's able to stay within a tenth of a percent of his projection with committed costs—"and that saves a bundle." Computerizing controls his office better, too; definite deadlines now are set and met regularly. Wolfe started with basic accounting and then acquired estimating, purchasing, scheduling and word processing.

The way Wolfe, McKinney and Cavender's companies have grown with their computers illustrates the computer's evolution—and a home building revolution. Their costs and operations under control, builders are taking a greater interest in marketing and are forecasting and planning more

USER UNFRIENDLY

Computerizing is not always as simple as it sounds—take it from J. D. Brooks. Brooks, the president of Homeland Communities in Atlanta, used a computer service in the early 70s. So he had some idea of what to expect when he decided to automate in-house about four years ago. He found an integrated software package that met Homeland's management and accounting needs, but he wasn't satisfied with the company making the compatible hardware. He approached another manufacturer which gave him a great presentation, but offered no software.

In 1982 Brooks decided to buy the hardware and software he originally wanted from another builder for $50,000. He promptly discovered bugs in the estimating and purchasing modules. And to top it all off, Brooks couldn't count on help from the software manufacturer; if support for original owners was scarce at the time, for second-hand owners it was virtually nonexistent.

Finally Brooks turned to computer consultant Michael Johnson; after nearly a year and an extra $6,000, 11 of the package's 13 modules are running. But Brooks doesn't expect the problems to end there. Just like any other piece of equipment, he expects trouble to crop up now and then.

A typical scenario? "Everybody I've talked to has had the same general problems: integration, user friendliness, maintenance," noted Brooks. "But it's been worth it. There's no way we could be doing the things we are if we didn't have the computer."

Homeland's controller, Jackie Lawrence, agreed. "We closed 339 single and multifamily units last year and expect to do almost 600 this year," she said. "The growth was natural, but the computer allowed us to grow faster than we expected—and yet keep tighter control."

How can builders keep out of trouble? Brooks laughed. He questions his consultants, sales and service people constantly. "I don't know computers, but I know my business. So if the manual says it can be done and the computer people say it can't, I want to know why."

As their experience grows, builders also will become more adept at dealing with trouble, thinks Brooks. In Atlanta, for example, Homeland and about 10 other builders joined forces to pressure a software manufacturer for support, enhancements and corrections. "We were much more successful at getting their attention than if each of us had written a letter individually," Brooks said.

COMPUTER-AIDED BUILDERS

A surprising number of builders already have computers. Not many, however, have had them for very long. And those builders that have computers most often use them to perform accounting functions.

Those are some of the findings of a telephone survey of 547 builders conducted for BUILDER by Inter-Media Marketing, a research and marketing firm in West Chester, Pa.

The survey showed that while the use of computers indeed is widespread among all builders—in total 40 percent have computers—big builders (those who built more than 100 units last year) are three times more likely to have a computer than are small builders (those who built fewer than 25 units last year). And while more than three-quarters of all small and medium-size builders (who built between 26 and 100 units last year) have personal-type microcomputers, about half of all big builders have far more powerful and versatile mainframe computer systems.

When it comes to computers there are other significant differences between big builders and smaller builders. For example:

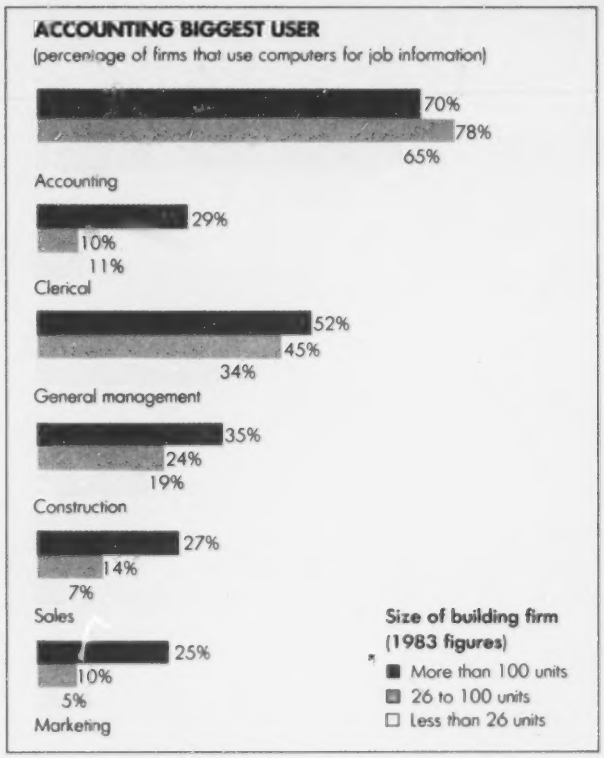
- About 90 percent of small and medium-size builders spent less than $20,000 for computer hardware. On the other hand some 60 percent of big builders spent more than $20,000, and a third spent more than $50,000;
- Management and the sales and marketing staffs of big builders are much more likely to use computers than their counterparts at smaller firms;
- Two-thirds of the biggest builders—firms building more than 500 units a year—developed their own software, while 80 percent of smaller builders purchased software packages.

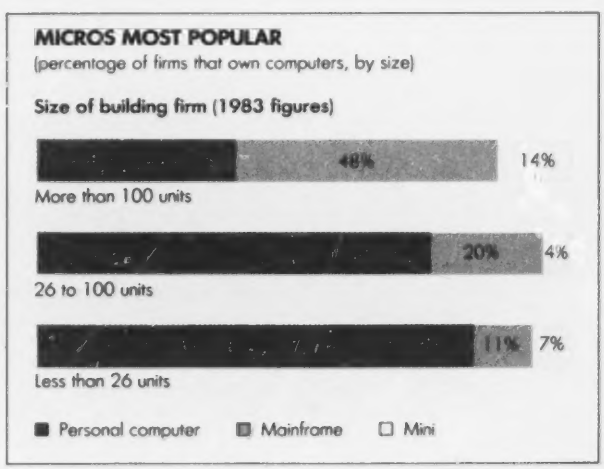
In other areas, however, there's very little difference between big builders and smaller builders. Among small builders with computers, about half have had the computer for less than a year, but relatively few builders big or small have had computers for more than two to four years.

As might be expected, builders of all sizes most often use their computers to handle accounts payable, accounts receivable and job costing.

The survey also showed that no one computer company or software vendor dominates the builder market. According to the survey the most commonly used computer hardware carries either the IBM, Apple or Radio Shack brand name, while IBM, Apple and VisiCalc are the leading software vendors.

Frank Anton, Editor





Rainbow, Digital Equipment Corp. Circle no. 107.

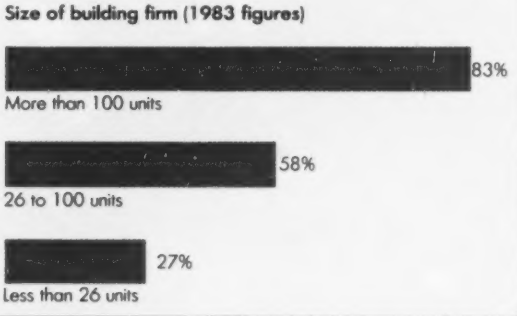
HARDWARE A MAJOR EXPENSE

(percentage of firms that invest in hardware)

Cost of hardware	Size of building firm (1983 figures) Less than 26 units	26 to 100 units	More than 100 units
Less than $5,000	43%	20%	13%
$5,000 to $10,000	39	34	12
$10,001 to $20,000	13	27	13
$20,001 to $50,000	3	7	25
More than $50,000	3	11	37

COMMON AMONG BIG BUILDERS

(percentage of firms that have computers)



JOB COSTING KEY FUNCTION

(percentage of firms that use computers, by job type)

Computerized work	Size of building firm (1983 figures) Less than 26 units	26 to 100 units	More than 100 units
Accounts payable	50%	66%	62%
Accounts receivable	35	45	50
Customer service	4	3	10
Electronic spreadsheets	16	41	17
Estimating	37	36	33
Financial statements	32	36	48
General ledger	55	60	60
Inventory control	14	27	35
Job costing	60	60	67
Market analysis	9	14	23
Payroll	45	45	62
Property management	7	7	17
Purchasing	11	24	33
Scheduling	10	7	23
Word processing	37	43	29

than ever, to increase profits and minimize risks. At the end of 1983, NAHB's data processing information exchange reported that the most popular applications for expansion were word processing, scheduling and market analysis. And a higher percentage of builders, believes computer consultant Michael Johnson, of Michael C. Johnson & Co., Redmond, Wash., are thinking of the computer as a comprehensive management information tool rather than just an accounting aid. Even if housing takes a downturn next year, Johnson, who has advised about 1,500 builders, sees the market for management information systems remaining strong, because they're being purchased by builders with foresight.

This breed of builder is likely to be young, sometimes second-generation builders, who have college or business school educations rather than a trade background. Their broad training makes them interested in controlling all aspects of a business and they're already familiar with what the computer can mean to a business.

These builders also are more likely to listen to what buyers want, and that means they'll have to deal with computers outside the office, too—in the houses they build. According to the *New York Times*, in the last five years about 3 million U.S. households have acquired a computer. Homes are becoming offices too for people who do business by computer, and home terminals now can be tied into computerized banking, shopping and information systems. At least one builder, Southampton Homes in Benicia, Calif., is selling homes prewired for computer stations. Buyers have been young professional families with a computer or planning to buy one as well as those interested in the resale value of a computer-wired home, according to Southampton spokesperson Rod Herman.

What happens when bits and bytes meet sticks and bricks? Stout thinks that with the exception of the builder starting 10 units or less, some kind of computer exposure—through a service or an in-house system—will be essential if a builder is to survive the next five or six years. A builder who is ready and willing to adopt the new technology will have the edge.

SOFTWARE DIRECTORY

VENDOR	APPLICATIONS
Adata Corp. P.O. Box 55184 Indianapolis, Ind. 46220 (317) 257-5658 Joanne Jungclaus	Job costing, general ledger, accounts payable, payroll, accounts receivable, estimating, labor distribution, subcontract control, fixed assets, scale ticketing, price lists
Basic Four Information Systems Div./Management Assistance, Inc. P.O. Box C-11921 Santa Ana, Calif. 92711 (714) 730-2989 Susan Feinberg	Job costing, general ledger, accounts payable, payroll, word processing, accounts receivable, estimating, financial planning, construction inventory, purchasing, bidding, scheduling, office management, business graphics, data management, property management
Bennett Data Systems, Inc. 3535 Beach Hill Dr. Atlanta, Ga. 30340 (404) 938-5279 Blaine Bennett	Job costing, general ledger, accounts payable, estimating, cash disbursements and check writing, price lists, purchasing
Bristol Information Systems, Inc. 84 N. Main St. Fall River, Mass. 02720 (617) 679-1051 Gail Kieger	Job costing, general ledger, accounts payable, payroll, accounts receivable, estimating, labor distribution, subcontract control, fixed assets, purchasing, order entry/billing, time accounting, inventory, warranty tracking
Computer Guidance Corp. 2301 E. Shea Blvd. Phoenix, Ariz. 85028 (602) 244-1988 Russ Temple	Job costing, general ledger, accounts payable, payroll, accounts receivable, purchasing, inventory, order entry/billing, time and material billing
Computer Programming Associates, Inc. 8041 Sierra St. Fair Oaks, Calif. 95628 (916) 962-9296 Paul Raymond	Estimating, real estate sales
Concord Management Systems 6301 Ivy Lane Suite 500 Greenbelt, Md. 20770 (301) 345-5300 Andrew Walls	Job costing, general ledger, accounts payable, payroll, word processing, accounts receivable, estimating, subcontract control, fixed assets, committed cost, purchasing, service billing, AIA billing, inventory, equipment costing

Just a few years ago, software designed specifically for builders was hard to come by. Now there are packages to suit every management style. This directory provides a starting point for the software search: It breaks out each vendor's products by application, price and support and provides contacts for further information.

HARDWARE	AVERAGE COST	SUPPORT	SERVICE AREA	BUILDER USERS
NEC Astra	$2,000/module $20,000 for whole package	$100-$500 yearly for training, enhancements	National	55
Basic Four S10, Basic Four systems 110, 210, 310, MAI 1600, 8010, 8020, 8030	$12,000-$500,000 for whole package, including hardware	Training, hotline, on-site visits, enhancements, charge according to package	National	1,000
Radio Shack TRS-80 Models III, IV	$2,375/module	No charge for training, enhancements	National	35+
IBM PCXT, Eagle PC, Spirit, Compaq PC, Corona PC, Seequa PC, Tandy 2000	$800/module	Toll-free hotline for first year; charge (usually 10% of package price) thereafter for revisions	National	100+
IBM System/36	$3,500/module	No charge for on-site visits, hotline, enhancements during first year; 10% of licensing fee thereafter	National	3
IBM PC and compatibles	$299	No charge for business-hours hotline	National	120
IBM PCXT, System/34, 36, T.I. PC and 372, DEC 350	$2,000/module	Variable charges for training, hotline, updates, enhancements	U.S. and Canada	300+

VENDOR	APPLICATIONS
Canex Electro Systems, Inc. P.O. Box 1342 Bellingham, Wash. 98226 (206) 734-4323 Roger Vergin	Income property analysis, rent/buy analysis, loan evaluation, investment policy analysis and projection
Construction Data Control, Inc. 6140 Northbelt Parkway Suite A Norcross, Ga. 30071 (404) 448-4722 David F. Patterson	Job costing, general ledger, accounts payable, payroll, accounts receivable, estimating
Construction Technologies 15600 Redmond Way Suite 102 Redmond, Wash. 98052 (206) 881-6781 Sheryl D. Paulsen	Job costing, general ledger, accounts payable, payroll, word processing, accounts receivable, estimating, fixed assets, spreadsheet, purchasing, warranty tracking, property management
Contract Micros, Inc. 5455 Buford Highway Suite A120 Doraville, Ga. 30340 (404) 452-0550 John Echterhoff	Estimating, digitizer takeoff system
Contractor's Management Systems 1760 Reston Ave. Suite 101 Reston, Va. 22090 (703) 435-3172 Bob Flint	Estimating
Cornerstones 54 Cumberland St. Brunswick, Maine 04011 (207) 729-6701 Peter Hollander	Scheduling, passive solar design, heat loss/system sizing
Data Consultants, Inc. P.O. Box 440637 Houston, Tex. 77244 (713) 578-5767 Larry Bailey	Job costing, general ledger, accounts payable, payroll, accounts receivable, estimating, construction loan tracking

HARDWARE	AVERAGE COST	SUPPORT	SERVICE AREA	BUILDER USERS
IBM PC, Apple II, Radio Shack TRS-80 Models II, III, IV	$149/module	Hotline	National	255 developers and Realtors
CP/M 80 and 86 systems	$1,500/module	$300/year for hotline, $120/year/module for maintenance with $500 maximum	National	600+
Wang PC, VS systems, 2200 MVP	$2,000/module	Training, hotline, on-site visits installation at hourly charge or $100-$200/month	National	53
CP/M 80 and 86, MS-DOS and PC-DOS systems	$1,000	No charge for hotline during first year; $350/year thereafter	National	20
CP/M and MS-DOS systems	$4,000	$250/year after initial training, phone	National	1,000+ (total users)
IBM PC, PCXT, Radio Shack TRS-80 Models III and IV, Sharp PC-1500	$450/module	Hotline	National	100+
IBM System/34, 36	$17,000 for whole package	No charge for in-house training, hotline, updates, corrections; service contract available for additional services	National	3

VENDOR	APPLICATIONS
DataTrak 1700 Stierlin Rd. Mountain View, Calif. 94043 (415) 967-3911 Marketing	Job costing, general ledger, accounts payable, payroll, accounts receivable, billing, inventory
Dependable Computer Programs, Inc. 225 N. Arlington Heights Rd. Elk Grove Village, Ill. 60007 (312) 952-0229 Michaele Williams	Job costing, general ledger, accounts payable, payroll, accounts receivable, estimating, billing
Desco Data Systems Inc. 4 New Park Rd. E. Windsor, Conn. 06088 (203) 627-5151 Jack Beaulieu	Job costing, general ledger, accounts payable, payroll, word processing, accounts receivable, estimating, spreadsheet, purchasing, inventory, scheduling, report writing, property management, development cost/ amortization
Digital Equipment Corp. Continental Blvd. MK1-2/D12 Merrimack, N.H. 03054 (603) 884-5111 Joyce Znamierowski	Job costing, accounts payable, word processing, accounts receivable, estimating, scheduling, spreadsheet
ECOM Associates, Inc. 8634 W. Brown Deer Rd. Milwaukee, Wis. 53224 (414) 354-0243 Gary Koser	Job costing, general ledger, accounts payable, payroll, accounts receivable
Enercomp 757 Russell Blvd. Suite A3 Davis, Calif. 95616 (916) 753-3400 Martha Townsend	Energy use evaluation
Enterprise Computer Systems, Inc. IBM Bldg., Suite G-16 P.O. Box 10156 Jacksonville, Fla. 32247 (904) 399-3899 Irma Gavagan	Job costing, general ledger, accounts payable, payroll, estimating

HARDWARE	AVERAGE COST	SUPPORT	SERVICE AREA	BUILDER USERS
IBM PCXT and compatibles	$1,500-$2,000/module	No charge for training; hotline and other charges variable	National	1,000+
IBM PCXT, System/23, H-P 150, 250	$795-$3,000	Contract at $100-$160/month or $35/hour provides training, hotline, upgrades, on-site visits	National	65
Contel-CADO	$4,000 and $15,000 for whole packages	$250/year for hotline	National	100+
DEC DECmate II, Rainbow 100	$500-$5,000	Toll-free hotline or on-site service depending on package for first year; charges vary thereafter	National	125+
IBM PCXT, Wang PC, 2200, DEC Rainbow, H-P 150	$1,200/module	$200/day training and installation, toll-free hotline	National	200
CP/M and MS-DOS systems	$850	90-day hotline	National	250 including architects
IBM PC, PCXT, Corona PC	$2,000/module	No charge for training day, corrections; $300 for quarterly service; $1,250 for optional 60-day correspondence course	National	500+

VENDOR	APPLICATIONS
IBM Corp. P.O. Box 2150 Atlanta, Ga. 30055 (800) 241-1620 Dept. 36	Job costing, general ledger, accounts payable, payroll, accounts receivable
Libra Programming Inc. 1954 E. 7000 S. Salt Lake City, Utah 84121 (801) 943-2085 Joan Kaiser	Job costing, general ledger, accounts payable, payroll, accounts receivable, estimating, billing, inventory control, property management
Management Information Systems Group, Inc. 1710 Shadowood Lane Suite 220 Jacksonville, Fla. 32207 (904) 398-2244 Mike Haines	Job costing, general ledger, accounts payable, estimating, purchasing, scheduling, demographics-buyer profile
R.S. Means Co., Inc. 100 Construction Plaza Kingston, Mass. 02364 (617) 747-1270 Ann Miller	Estimating, takeoff and project costing, price lists
MetroSoft, Inc. 14241 Ventura Blvd. Suite 104 Sherman Oaks, Calif. 91423 (818) 783-3311 Michael C. LaTorre	Job costing, general ledger, accounts payable, accounts receivable, estimating, billing, check writing, variance reports
Metro Information Services, Inc. 4510 Holland Office Park Suite 507 Virginia Beach, Va. 23452 (804) 490-3501 Jim Corzatt	Job costing, general ledger, accounts payable, payroll, accounts receivable, estimating, fixed assets/depreciation, purchasing, scheduling
PAC Corp. 1617 St. Mark's Plaza Stockton, Calif. 95207 (209) 951-8697 Richard L. Hughes	Job costing, general ledger, accounts payable, payroll, accounts receivable, estimating, subcontract control, fixed assets, purchasing, financial reporting, billing, scheduling, bid analysis, union reporting

HARDWARE	AVERAGE COST	SUPPORT	SERVICE AREA	BUILDER USERS
IBM System/23, 34, 36	$2,000-$3,000; $175/ month to lease	Toll-free hotline	National	Unavailable
IBM PCXT	$2,000/module	No charge for training, phone for one year; service contract (about 10% of initial price) or time and material calls at $2/minute thereafter	National	1,100+
IBM System/34, 36	$11,500	Charge 10% of purchase price; provides hotline, enhancements	National	18
IBM PCXT, Wang PC, DEC Rainbow	$1,200-$8,000	Training, toll-free hotline; charges for other services vary by package	National	210
IBM PCXT	$7,000	No charge for 16 hours on-site training, 90 days toll-free hotline, updates via modem for one year; $200/year thereafter for same services	National	150-200
Wang VS25-VS300	$18,000	Toll-free hotline, 100-person staff available on a time and materials or fixed-price basis	U.S. and Canada	6
IBM System/34, 36, Fortune 32:16	$1,500-$5,000	Hotline, modem hookup for assistance and modification, enhancements; fee varies with system and service	National	35

VENDOR	APPLICATIONS
Premier Software Services, Inc. 1700 K St. Bakersfield, Calif. 93301 (805) 327-0495 Frank Colatruglio	Payroll
Prosoft, Inc. 3655 Henderson Blvd. 2-B Tampa, Fla. 33609 (813) 877-4341 Bill Streit	Job costing, general ledger, accounts payable, payroll, accounts receivable
Small System Design, Inc. 1120 Oakdale Place Boulder, Colo. 80302 (303) 442-9454 Susan Penny	Job costing, general ledger, accounts payable, payroll, accounts receivable, billing, scheduling
SofTrak Systems 1977 W. North Temple Salt Lake City, Utah 84116 (801) 531-8550 Mark Bodell	Scheduling
Software Factory 4851 Keller Spring Suite 209 Dallas, Tex. 75248 (214) 248-8823 Kent Gryzich	Warranty tracking, sales system, scheduling
Software Shop Systems, Inc. 960 Holmdel Rd. Holmdel, N.J. 07733 (201) 946-8900 Joan Peterson	Job costing, general ledger, accounts payable, payroll, accounts receivable, spreadsheet interface
Software Technology Corp. 6095 Lake Forrest Place Suite 150 Atlanta, Ga. 30328 (404) 843-0296 Joel Blackford	Job costing, general ledger, estimating, takeoff, billing, scheduling

HARDWARE	AVERAGE COST	SUPPORT	SERVICE AREA	BUILDER USERS
Apple II and compatibles	$700	Toll-free hotline; $100/year for updates	National	10
Most MS-DOS, CP/M, MP/M systems	$995/module	$35/hour for training; no charge typically for updates and revisions	National	125+
IBM PCXT and compatibles	$3,500 for package; extra programs $500	No charge for hotline, electronic bulletin board; charge for on-site setup	National	135
Wang VS, PC, IBM PCXT and compatibles	$600/module	On-site training, hotline; fee variable	National	150+
MS-DOS and CP/M systems	$995 for package	Hotline	National	100
IBM PC	$13,000-$15,000	No charge for 60-day installation, training period; variable-fee service contract thereafter	National	50+
CP/M, MS-DOS systems	$1,500/module	Fee for training, hotline, on-site visits	National	Unavailable

VENDOR	APPLICATIONS
Sumicon, Inc. 17862 E. 17th St. Tustin, Calif. 92680 (714) 730-6061 Walter Schramm	Job costing, general ledger, accounts payable, payroll, accounts receivable, inventory, design
Techsonix Corp. 2251 San Diego Ave. Suite #A141 San Diego, Calif. 92110 (619) 296-6313 Jerry Yellin	Estimating, digitizer takeoff
Timberline Systems 7180 S.W. Fir Loop Portland, Oreg. 97223 (503) 644-8155 Ted Feierstein	Estimating
The Office Manager (TOM) Software 127 S.W. 156th Seattle, Wash. 98188 (206) 246-7022 John Unck	Job costing, general ledger, accounts payable, payroll, estimating, fixed assets, financial statements, purchasing, inventory, scheduling
Frank R. Walker Co. 5030 N. Harlem Ave. Chicago, Ill. 60656 (312) 867-7070 P.J. Sammartino	Estimating
Westminster Software, Inc. 660 Hansen Way Suite 2 Palo Alto, Calif. 94304 (415) 424-8300 Chris Jensen	Job costing, scheduling
Wilson Computer Services 5151 San Felipe Suite 1500 Houston, Tex. 77056 (713) 993-9391 Ken Miller	Job costing, general ledger, accounts payable, payroll, accounts receivable, estimating, purchasing, spreadsheet, inventory, plan, option and elevation data base

HARDWARE	AVERAGE COST	SUPPORT	SERVICE AREA	BUILDER USERS
Sumicom 330, 830	$550/module	No charge for training, hotline	National	Unavailable
CP/M and MS-DOS systems	$9,990	No charge for training	International	150
T.I. Models 300, 600 and 800	$8,500-$13,900; $50-$250/month to lease	Toll-free hotline; charge for maintenance and support after first year	National	Unavailable
Altos 586 and 68000, Apple Lisa 2, Fortune 32:16, Pixel 80 and 100, Plexus 35 and 60, Zilog 8000, H-P 9000, Perkin Elmer 3200, Prime 50, Wang 2200	$800-$3,500	Services and charges determined by representatives	International	850
IBM PC and PCXT; Commodore 64, Apple II Plus and IIe, Kaypro II, 4 and 10, Epson QX-10	$700/module	No charge for hotline, revisions and updates; after first year, only phone service available	National	50+
CP/M and MS-DOS systems	$700-$900/module	Toll-free hotline; after 90 days, upgrades cost 10% of purchase price	National	Unavailable
Wang VS and Prime	$3,000-$10,000	Charge for maintenance, programming design	National	3

crease membership by 10 percent during the course of the membership year.

Then, in August, HBAs will participate in a one-week membership recruiting effort sponsored by NAHB's membership services department.

Prizes will be awarded to top members and auxiliary recruiters and to HBAs. Auxiliaries are assisting many local HBAs by compiling lists of prospective members, preparing kits, promoting membership drives and recruiting new members.

LOCALS AT WORK

■ Builder members of the HBA of Greater St. Louis are experimenting with a weekly advertising insert in the local paper that they hope will attract more buyer attention than the traditional spot classified ads in the paper's real estate section.

The 40-page *St. Louis New Home Folio* sports a color cover and a neatly designed layout of black and white ads describing projects by area builders. The insert, which appears in the *St. Louis Post Dispatch*, does not go to the entire *Post* circulation, but reaches approximately 319,000 of the area's potential home buyers.

The first insert appeared on April 29 and, although poor weather has prevented an accurate indication of the impact, builders and the HBA are enthusiastic. The plan is to continue the inserts through the building season and to solicit advertising from associate members, such as title companies and lenders. The insert has prompted the rival *St. Louis Globe Democrat* to offer builders reduced rates on ads that have appeared in the insert.

The HBA promoted the new advertising program with a series of 30-second radio announcements and 10-second TV commercials, as well as an ad in the *St. Louis Dispatch* that listed all the builders advertising in the insert. The HBA also provided the "seed" money for the project, and created a wholly owned subsidiary—the St. Louis New Home Folio, Inc.—to operate the program. Two local companies are handling production and ad sales.

■ The Home Builders Association of Indiana has been helping its members in an unusual manner: It sets up one-on-one meetings between a member with a problem in property management, for example, and a member with expertise in this area. Under the program, called HELP, a member with a business-related problem may contact William Carson, HBA executive officer, and request a conference with another member who specializes in the problem area. Carson will select the qualified member and a conference is then arranged. Assistance is provided for financing, management, land development, condominiums and materials problems. "The program is particularly useful to small builders," said Carson. "The program does of course help us to retain and recruit members, but in addition we look on it as one means of providing quality service to our members."

COLLEGE STUDENTS WANT TO BUY DETACHED HOMES

Many college students embrace the American dream of homeownership, but they think realizing the dream will be difficult. Those were among the findings of a nationwide survey of college students conducted by NAHB.

Buying a home was a top priority for nearly half (45 percent) the 1,324 students surveyed, but the students see high mortgage rates and home prices as serious obstacles to achieving this goal.

OBSTACLES TO BUYING A HOME

	Students' projections		
Obstacle	Major obstacle	Minor obstacle	No obstacle
High mortgage interest rates	77.0%	21.3%	1.3%
Home prices	65.3	32.1	2.7
Raising cash for down payment	35.9	48.4	15.7

The survey was conducted at nine universities with the cooperation of professors in the real estate or business management departments. Most of the students surveyed (79 percent) listed building equity as the most common reason for owning a home, followed by tax advantages (55 percent) and pride of ownership (38 percent).

However, about 80 percent of the students said that buying a home will be "somewhat to very difficult." Two-thirds, on the other hand, felt renting an affordable apartment would be easy.

When asked what type of house they would be most likely to buy, more than half indicated a single-family detached home, followed by condominium apartments and townhouses. Most—88 percent—want to live in the suburbs.

Other survey findings:

■ Two out of every three students surveyed believe they will be able to buy a home equal to or exceeding the value of their parents' home;

■ Almost 60 percent listed personal savings as the principal source for their down payments; another 22 percent indicated a gift or loan from a relative would be the primary source;

■ About 56 percent said that they would be willing to pay 25 to 30 percent of their income for housing expenses when purchasing a home; 16 percent were willing to pay less than 25 percent; and 28 percent were willing to pay more than 35 percent;

■ More than half expect to pay between $300 and $500 a month for housing after college; about 18 percent believe they will be able to pay $500 to $600 a month; and the same percentage expect to be able to pay more than $600 a month.

Nearly three out of four students expressed a preference for fixed-rate mortgage plans.